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UNDP: MATTERS RELATING TO THE PROGRAMMING CYCLES

Eligibility for an independence bonus

Note by the Administrator

I. OVERVIEW

1. The purpose of the present report is to provide the Executive Board with information for its review of the eligibility for an independence bonus. As noted in paragraph 159 of the report of the annual session 1995 of the Executive Board (DP/1995/39), this matter was raised by several countries during discussions of the successor programming arrangements; it was suggested that the issue be taken up during the third regular session 1995.

2. The United Nations Office of Legal Affairs was asked to furnish a legal interpretation of the eligibility for an independence bonus. The response provided in their memorandum of 18 July 1995 is quoted below:

> "1. In your memorandum of 26 June 1995 on the above-captioned subject, you have requested our advice as to which of the 23 countries 1/ whose names appear on the list attached to your memorandum would be eligible for an independence bonus.

1/ The 23 countries granted recipient status during the fifth programming cycle as listed in the referenced memorandum are: Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Croatia, Czech Republic, Estonia, Eritrea, Georgia, Kazakstan, Kyrgyzstan, Latvia, Lithuania, the former Yugoslav Republic of Macedonia, Republic of Moldova, Russian Federation, Slovak Republic, Slovenia, South Africa, Tajikistan, Turkmenistan, Ukraine, Uzbekistan.

2. The UNDP Governing Council decision 76/43, adopted at its twenty-second session, June 1976, which established the independence bonus provides as follows:

"(b) Decided further that within the above-mentioned financial planning level: (1) each recipient country that had gained independence since the start of 1973 should have its IPF increased in the amount of $500,000 plus 15% of the IPF as shown in document DP/199, table 1/..."

The ordinary meaning of this section is that the countries to receive the bonus are those that gained independence since 1973. However, the history of the adoption and application of the provision reveal that it was the intention of the UNDP Governing Council to grant the independence bonus only to newly independent states that can be classified as least developed countries. In GA resolution 2688 (XXV) entitled "The Capacity of the United Nations Development System" known as "The Consensus" paper; paragraph 16 of its annex states that "... The Administrator [of UNDP] ... will calculate the percentage devoted to each country of the total earmarkings (i.e. the IPFs) and ... he will scrutinize these figures in the light of existing criteria for the allocation of resources and adjust them where necessary ... to ensure that special consideration is given to the situation of the least developed countries and of newly independent countries whose lack of an adequate administration infrastructure has prevented them from taking proper advantage of programme assistance".

3. In addressing the "progress made by the UNDP programme of assistance for the colonial countries and peoples," the 9 June 1975 Report of the Administrator, entitled "Assistance to Colonial Countries and Peoples," mentions only countries which are clearly "developing countries" (DP/163 1975).

4. At the February 1992 special session, Lithuania, Estonia and Latvia were granted the independence bonus.

5. Applying the above criterion therefore, in our opinion, only Eritrea of all the countries whose names appear on the list attached to your memorandum would qualify for the independence bonus because it is the only one which is both a least developed country and which has gained independence in the period since 1973.

6. Finally, and in spite of the foregoing paragraphs, in order to further clarify this matter, it might be beneficial for the UNDP Executive Board to explicitly delimit the application of the independence bonus provision, by coming up with a new decision delineating the factors that determine the eligibility of any country for the independence bonus."

3. The table in the annex lists 14 of the 23 countries that attained recipient status during the fifth programming cycle (and the decisions granting that status). The list does not include those countries that have already been granted the independence bonus (Estonia, Latvia and Lithuania) as well as Belarus, the Czech Republic, the Russian Federation, the Slovak Republic, South Africa and Ukraine. The table shows the present indicative planning figures (IPFs) for the fifth programming cycle. Also indicated is the independence bonus that would apply to each of these countries should the Executive Board decide to grant such amounts.

II. EXECUTIVE BOARD ACTION

4. In light of the legal interpretation of the eligibility for an independence bonus provided by the United Nations Office of Legal Affairs in the memorandum quoted above, the Executive Board may wish to give consideration to the matters raised therein. Should the Executive Board decide to grant an independence bonus to any of the countries listed in the annex, it should be noted that the amount would be charged to the unallocated programme reserve initially established under decision 90/34 to meet the requirements of future participants of the Programme which has already been overcommitted through subsequent decisions of the Executive Board.

Annex

CALCULATION OF POSSIBLE INDEPENDENCE BONUS FOR 14 COUNTRIES GRANTED RECIPIENT STATUS DURING THE FIFTH PROGRAMMING CYCLE
(millions of dollars)

New recipients	Decision	Fifth cycle IPF	Independence bonus a/
Armenia	92/29	0.595	0.589
Azerbaijan	92/29	1.448	0.717
Kazakstan	92/29	2.608	0.891
Kyrgyzstan	92/29	2.752	0.913
Republic of Moldova	92/29	1.045	0.657
Turkmenistan	92/29	1.866	0.780
Uzbekistan	92/29	6.283	1.442
Bosnia and Herzegovina	93/3	0.600	0.590
Croatia	93/3	0.615	0.592
Georgia	93/3	0.525	0.579
Slovenia	93/3	0.444	0.567
Tajikistan	93/3	3.434	1.015
Eritrea	93/22	19.877	3.482
The former Yugoslav Republic of Macedonia	93/22	0.456	0.568
TOTAL			13.382

a/ The independence bonus awards an additional 15 per cent of the existing IPF plus $500,000 (decision 76/43).